

BILL # SB 1167

TITLE: AHCCCS; trusts

SPONSOR: Allen

STATUS: As Introduced

REQUESTED BY: Senate

PREPARED BY: Stefan Shepherd

FISCAL ANALYSIS

Description

This bill makes several changes in the statute governing AHCCCS special treatment trusts, which are trusts permitting persons with too much income or resources to qualify for Medicaid. The bill exempts AHCCCS from rule-making statutes for one year to implement these changes.

Estimated Impact

JLBC Staff and AHCCCS both estimate that this bill will have no immediate fiscal impact. The bill could potentially increase future year reimbursements to AHCCCS by increasing the trust corpus available to pay clients' AHCCCS costs after the client's death.

Analysis

Federal and state law require persons who would ordinarily be ineligible for Medicaid long term care services due to excess income or resources to establish financial eligibility by establishing a special treatment trust. Monies in the trust at the beneficiary's death are paid to AHCCCS for the costs of the beneficiary's Medicaid long term care services, up to the amount of the services. These monies are then shared with the federal government.

According to AHCCCS, current statutory language permits trust funds to be used in certain areas for the benefit of persons other than the trust beneficiary. To ensure that trust expenditures only benefit the trust or trust beneficiary, the bill makes several changes in the statute governing AHCCCS special treatment trusts. These changes include:

- Extending the period of time AHCCCS has to review planned trust disbursements from 10 working to 60 calendar days.
- Permitting the trusts to make disbursements for clients' personal needs allowances.
- Requiring homes, vehicles, or other real property purchased by the trust to be titled to the trust.
- Permitting trusts to pay guardianship and conservatorship fees for the trust beneficiary based on the fair market value, income taxes on trust income, irrevocable burial plans or insurance to fund those plans not to exceed \$1,500, and travel expenses for a companion for non-medical purposes.

Both JLBC Staff and AHCCCS estimate that these changes will have no immediate fiscal impact. This assumes that all current trust beneficiaries comply with the proposed changes; if current trust beneficiaries do not comply and become ineligible for Medicaid, current AHCCCS long term care expenditures could decline. AHCCCS does not estimate any additional administrative costs with implementing these changes.

Both JLBC Staff and AHCCCS also estimate that there could be some future savings associated with the bill. Since the bill further clarifies that trust expenditures benefit the trust or its beneficiary, this could increase the amount of money in the trust corpus at the time of the beneficiary's death. If the trust corpus is less than the costs of the beneficiary's Medicaid long term care services, increases in the trust corpus will result in additional monies passed through to the state and federal government, thereby offsetting future years' state and federal expenditures.

Local Government Impact

No immediate fiscal impact. Since county governments help pay for long term care services for the elderly and physically disabled, a portion of any potential future savings would accrue to the counties.